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# Daily Report

### Summary

- Amid the mixed sentiment in Monday's trading, Europe closed higher while the Dow dropped in the USA.
- The EU's Brexit chief negotiator expects an agreement with Britain in less than two months; the GBP firmed.
- Turkey's GDP does not reflect strong deterioration, the pressure on EM currencies eased yesterday.

Most indices in Western Europe achieved gains on Monday, simultaneously with the easing of angst surrounding the USA-China trade conflict, which dragged down Asian trading earlier in the day. The Stoxx600 gained 0.5%, the FTSE practically stagnated, and the DAX climbed 0.2% higher, while the stock indices in the eurozone's periphery have jumped higher. Greece's benchmark sky-rocketed 2.5%, Spain's IBEX advanced 1.1%, and Italy's FTSE-MIB soared 2.3% yesterday. Among others, the Italian index benefited from the finance minister's weekend speech, which mentioned reducing public debt and keeping the budget deficit under tight control. Italy's 10Y bond yield declined by 13 basis points yesterday, continuing last week's 24-basis-point fall. The US dollar slightly firmed against the euro but lost 0.8% versus the GBP. The latter started to appreciate when the EU's Brexit commissioner said that negotiations might realistically be completed in eight weeks' time.

America closed mixed yesterday: the Dow dropped 0.2%, while the S&P and the Nasdaq inched that much. Within the S&P, the property sector was the strongest performer, followed by industry and utilities. Health care companies were ailing, as were the financial and energy sectors. Consumer discretionary names fared well; Home Depot expanded by 2.2%. The Nasdaq100's biggest losers were Apple (-1.3%) and Amazon (-0.7%), while the semiconductor company Broadcom soared 3.5%, and the processor manufacturer Qualcomm jumped 2.8% higher. In the past four trading days, Apple's share price shrank by a total of 4.4%, and that of Amazon contracted by 5%, and they each lost USD 50 billion of their value during this time. Apple's share price did not exactly benefit from President Trump's weekend tweet, in which he urged the management to bring manufacturing into America, to avoid higher prices stemming from the import tariffs levied on products made in China. But the possibility that all Chinese imports to the USA will be subject to tariffs is still in the cards, adding to investors' anxiety.

The Budapest Stock Exchange ended just above zero, with thin trading volumes, on Monday. Elsewhere in the CEE region, Warsaw's WIG20 added 0.6% and Prague's PX gained 1.2%. The pharmaceutical company Richter (+0.7%) was the strongest Hungarian blue chip, while OTP upped 0.2% on below-average turnover, and MTelekom edged 0.1% higher. Mol reversed 0.7%.

On Monday the yields on the secondary market of Hungarian government bonds rose by 1–4 basis points. Today the ÁKK is to auction HUF 50 billion government debt in 3M zero-coupon treasury bills. In Monday's FX swap tender the MNB accepted HUF 25bn worth of bids on each of the 1M and the 3M tenors. Taking into account the result of Monday's tenders, the excess liquidity provided by the central bank to Hungary's banking system remains at HUF 1,988 billion.

The HUF's exchange rate oscillated in a narrow band yesterday. The EUR/HUF ended near Friday's closing level. The USD/HUF sank closer to 280.3, dropping 0.3% since Friday.

The Turkish lira weakened 0.6%.; apparently, the better-than-expected GDP data released yesterday helped it to avoid major losses. Elsewhere, South Africa's rand firmed 0.3% on Monday.

The Brent crude's price rose 0.7%, exceeding 77 USD/barrel while the WTI shed 0.3%. Reportedly, fear of the lower demand owing to the hurricanes heading for the Atlantic drove the WTI's price down.

Asia's markets closed mixed this morning. While Japan's stock indices ground higher, those in China were dented by the prospect of US protectionist tariffs.

Today Germany's ZEW institute is to release economic sentiment index. Inflation data are due out in Hungary.

	Stocks				Bonds				Commodity & FX			
	Product name	Close	Daily change (%)	YTD (%)	Product name	Yield	Daily change*	YTD	Product name	Close	Daily change (%)	YTD (%)
Global	S&P500	2877,1	0,2	7,6	VIX	14,2	-4,8	28	WTI	67,5	-0,3	11,8
	DOW	25857,1	-0,2	4,6	US 2Y	2,72	1	82	Brent	77,37	0,7	15,7
	Nasdaq100	7447,7	0,2	16,4	US 10Y	2,94	-1	53	Gold	1195,4	0,0	-8,2
	DAX	11986,3	0,2	-7,2	GER 2Y	-0,55	1	8	Silver	14,16	0,4	-16,4
	CAC40	5269,6	0,3	-0,8	GER 10Y	0,41	1	-2	EUR/USD	1,16	0,4	-3,4
	FTSE 100	7279,3	0,0	-5,3	PT10Y	1,96	2	3	EUR/GBP	0,89	-0,5	0,2
	FTSE MIB	20918,9	2,3	-4,3	IT 10Y	2,74	-14	74	EUR/NOK	9,73	-0,3	-1,2
	Stoxx600	375,5	0,5	-3,5	SP 10	1,49	-1	-9	USD/CAD	1,32	0,1	4,7
	- Banks	134,3	1,1	-18,6	iTRAXX	61,4	-4,0	36	AUD/USD	0,71	0,1	-8,8
	Nikkei 225	22659,2	1,2	-0,5	JPY 2Y	-0,11	0	3	USD/JPY	111,11	0,1	-1,4
	SSEC	2666,3	-0,1	-19,4	JPY 10Y	0,11	0	6	GBP/USD	1,30	0,8	-3,6
Regional	RTS	1043,5	-0,7	-9,6	RUS10	9,2	0,1	22	USD/RUB	70,520	0,9	22,3
	WIG20	2270,83	0,6	-7,7	POL 10	3,3	-0,6	-1	EUR/PLN	4,31	0,0	3,2
	PX50	1082,9	1,2	0,4	CZ10	2,1	1,3	41	EUR/RON	4,625	-0,1	-1,1
Hungary	BUX	37203	0,0	-5,5	3M DKJ	0,20	0	16	EUR/HUF	324,79	0,0	4,6
	OTP	10350	0,2	-3,5	1Y	0,63	0	58	USD/HUF	280,12	-0,3	8,2
	MOL	2940	-0,7	-2,2	3Y	1,70	1	115	CHF/HUF	287,14	-1,0	8,4
	MTelekom	411	0,1	-10,4	5Y	2,95	4	178	PLN/HUF	75,28	-0,1	1,3
	Richter	5295	0,7	-21,9	10Y	3,52	2	147	GBP/HUF	364,70	0,3	4,4

\* In the case of bond yields, the change is in basis points instead of percentage (VIX and ITRAXX not included).

Sources: Reuters, OTP Research

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2018 9. 10.	9 : 00	TR GDP (yoy, %)	Q2	5,2	-	7,4
	9 : 00	TR GDP (qoq, %)	Q2	0,9	-	2,0
	10 : 30	UK Industrial production (mom, %)	Jul	0,1	0,2	0,4
11.	9 : 00	HU Inflation (yoy, %)	Aug		3,3	3,4
	9 : 00	HU Core inflation (yoy, %)	Aug		-	2,4
	11 : 00	DE ZEW Economic Sentiment (points)	Sept		-13,0	-13,7
12.	9 : 00	FR Jean-Claude Juncker's State of the Union Speech	-		-	-
	9 : 00	HU Industrial production (second estimate, yoy, %)	Jul		-	6,2*
	11 : 00	EZ Industrial production (mom, %)	Jul		0,1	-0,7
	20 : 00	US Fed Beige Book	-		-	-
13.	8 : 00	DE CPI (final, yoy, %)	Aug		2,0	2,0*
	13 : 00	UK Interest rate decision (%)	Sept		0,8	0,8
	13 : 45	EZ Interest rate decision (deposit rate, %)	Sept		0	0
	13 : 45	EZ Interest rate decision (lending rate, %)	Sept		0,0	0,0
	14 : 30	US CPI (yoy, %)	Aug		2,8	2,9
	14 : 30	US CPI (mom, %)	Aug		0,2	0,2
	14 : 30	US core-CPI (yoy, %)	Aug		2,4	2,4
	14 : 30	US core-CPI (mom, %)	Aug		0,2	0
	20 : 00	US Federal budget balance (USDbn)	Aug		-	-77,0
14.	4 : 00	CN Industrial production (yoy, %)	Aug		5,9	6,0
	4 : 00	CN Retail sales (yoy, %)	Aug		8,7	8,8
	4 : 00	CN Infrastructural spending (yoy, %)	Aug		5,5	5,5
	9 : 00	HU Construction output (yoy, %)	Jul		-	28,2
	14 : 30	US Retail sales (mom, %)	Aug		0,4	0,5
	15 : 15	US Industrial production (mom, %)	Aug		0,3	0,1
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Sept		96,5	96,2
	16 : 00	US Business inventories (mom, %)	Jul		0,3	0,1

\* preliminary data

Sources: Reuters, OTP Research

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